

ANNEXURE B1

HESSEQUA LOCAL MUNICIPALITY

PROPERTY RATES POLICY 2017/2018



(DRAFT FOR IMPLEMENTATION ON 1 JULY 2017)

30 MARCH 2017



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HESSEQUA MUNICIPALITY POLICY ON THE LEVYING OF PROPERTY RATES

DOCUMENT AND VERSION CONTROL

Version: Draft – 2017/18

Date: 30 March 2017

Summary: This document describes the Policy on the Levying of Property Rates that will be applicable to the Hessequa Municipality, with effect from 01 July 2017.

J JACOBS
Municipal Manager:

Date: 30 March 2017

G RIDDLES
Executive Mayor:

Date: 30 March 2017

PREAMBLE

WHEREAS section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004) requires a Municipality to adopt a policy in accordance with the provisions of the Act;

NOW THEREFORE the following policy on the levying of property rates is adopted:

1. DEFINITIONS

In this policy, definitions, words and expressions have the same meanings as assigned to them in the Act, and unless the context indicates otherwise: –

“accommodation” – means accommodation in a room or dwelling unit / house let to transient guests;

“Act” – means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004) as amended from time to time as well as regulations published in terms of the Act;

“agent”, in relation to the owner of a property, means a person appointed by the owner of the property –

- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
- (b) to make payments in respect of the property on behalf of the owner;

“agricultural purpose” in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trade in or hunting of game;



“annually” – means once every financial year;

“bona fide farmer” – means a genuine or real full time farmer who owns land that is used bona fide, predominantly and exclusively by him or his occupiers for agricultural purposes and whose dominant income is generated by the production of crops, fruits, vegetables, ornamental and flowering plants, dairy life, stock, poultry and all other forms of agricultural products on the specific property in question defined under the category **“farm property or small holding used for agricultural purpose (bona fide farming)”**;

“business and commercial property” – means -

- (a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- (b) property on which the administration of the business of private or public entities take place;

“calendar year” shall mean 12 consecutive months of a financial year(s);

“category” –

- (a) in relation to a property, means a category of properties determined in terms of section 8(2) of the Act;
- (b) in relation to the owners of property, means a category of owners determined in terms of section 15(2) of the Act;

“conservation area” –

- (a) a protected area as listed in section 10 of the Protected Areas Act, 2003;
- (b) a nature reserve established in accordance with the Nature and Environment Conservation Ordinance, no 19 of 1974; or
- (c) any land area zoned as open area zone III in accordance with the Municipality’s zoning scheme regulations;

provided that such protected areas, nature reserves or land areas, with the exception of tourism facilities that may be erected thereupon, be used exclusively for the conservation of the fauna and flora and the products of those land areas may not be traded for commercial gain;

"Due Date" in relation to -

- (a) rates due in respect of any immovable property, means:-
 - (i) the twentieth (20th) day of September of the financial year for which such rate is made, in the case where rates are levied on an annual basis;
 - (ii) the date for payment indicated on the account, in the case where rates are levied on a



monthly basis; or

- (iii) any other date determined by Council in terms of a public notice in the Provincial Gazette, and
- (b) service charges due in respect of any immovable property, means the date for payment indicated on the account, provided that the due date for any service charges means the twentieth (20th) day of September in the case where service charges are levied annually; and
- (c) should such day fall on a Saturday, Sunday or public holiday the due date shall be the next working day.
- (d) notwithstanding the above, rates and availability charges levied on an annual basis which are paid in full by the 30th September of each year, qualify for a 3% rebate.

“dwelling” - means a building, structure or place of shelter to live in or conduct business from.

“exclusion” – in relation to a Municipality’s rating power, means a restriction of that power as provided for in sections 16 and 17 of the Act;

“exemption” - in respect of the calculation of a rate means an exemption granted in terms of section 15(1)(a) of the Act;

“farm property or small holding used for agricultural purpose (bona fide farmer)” – means property, including the various structures thereon, that complies with the following criteria:-

- (a) is used primarily for the cultivation of soils for purposes of planting and harvesting of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the reproduction of livestock and game or the breeding and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism; and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercial or business purposes;
- (b) excludes the use of the property as a residential life style farm as defined per the definition of a residential lifestyle farm;
- (c) farming activities includes only those activities carried on by a farmer on his own land from which he derives sustainable income. Farming operations does not include activities merely as an interest or an enjoyable way of life but there should be a genuine intention to derive profit;
- (d) in this definition such properties could also be included within the urban edge of a town;



“farm property or small holding not used for any purpose” – means agricultural property or an agricultural zoned land which is not used for farming purposes, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property;

“financial year” – the period starting from 1 July in a year to 30 June the following year;

“guest accommodation” – means accommodation in a room or dwelling unit let to transient guests and includes bed and breakfast establishments, guest houses and guest lodges as defined in the Tariffs Policy;

“industrial property” – means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

“local community” – in relation to the Municipality –

- (a) means that body of persons comprising –
 - (i) the residents of the Municipality;
 - (ii) the rate payers of the Municipality;
 - (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and
 - (iv) visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and
- (b) includes, more specifically, the poor and other deprived sections of such body of persons;

“local Municipality” – a Municipality that shares municipal executive and legislative authority in its area with a district Municipality within whose area it falls and which is described in section 155(1) of the Constitution as a category B Municipality;

“market value” – in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

“multiple purposes” – in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Act;

“municipal council” or **“council”** – is a municipal council referred to in section 18 of the Municipal Structures Act, 1998 (Act No 117 of 1998);



“municipal manager” – means a person appointed in terms of section 82 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

“municipal property” – is property registered or established in the name of the Hessequa Municipality;

“Municipality” –

- (a) as a corporate entity means a Municipality as described in section 2 of the Municipal Systems Act, 2000 (Act No 32 of 2000); and
- (b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No 27 of 1998);

“new business incentive rebate” means a rebate granted, on an inclining scale, on a property used for a new business brought to the area;

“non-residential property” - means all properties (including all undeveloped properties) other than those identified as residential.

“occupier” – in respect of a property means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

“open space” - means land that is used as a park, garden, for passive leisure or maintained in its natural state and that is zoned as open space;

“owner” -

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to paragraph (b) of the definition of “property” means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property” means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure, as envisaged in the definition in the Act of the term “publicly controlled” provided that a person mentioned below may for the purposes of this Act be regarded by a Municipality as the owner of a property in the following cases:-
 - (i) a trustee, in the case of a property in a trust, excluding state trust land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate (the applicant must produce a letter from the Master of the Court or appropriate legal proof to substantiate the appointment);



- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude (the applicant must produce a letter from the Master of the Court or appropriate legal proof to substantiate the appointment);
- (vii) a lessee, in the case of a property that is registered in the name of a Municipality and is leased by it;
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“permitted use” – in respect of a property means the limited purposes for which a property may be used in terms of the following –

- (a) any restrictions imposed by –
 - (i) a condition of title; or
 - (ii) a provision of a town planning or land use scheme; or
 - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions;

“predominant use” means 60% or more;

“private open space” means land that is privately owned and used for practising of sport, play- or leisure facilities without financial gain or used as a botanical garden, cemetery or nature area and which is joined as Private Open Space;

“property” – means

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public services infrastructure;



“property register” – a register of properties referred to in section 23 of the Act;

“Public Benefit Organisation Property” means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.

“public service purposes” - in relation to the use of a property, means property owned and used by an organ of state for the rendering of the following services directly to the public:-

- (a) Hospitals and public clinics;
- (b) Schools, including pre-schools, early childhood development centres and further education and training colleges;
- (c) Libraries;
- (d) police station;
- (e) prisons; or
- (f) courts of law;

but excludes property contemplated in the definition of Public service infrastructure.

“rate” – a municipal rate on a property envisaged in section 229(1)(a) of the Constitution;

“rateable property” – means property on which a Municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

“rebate” – in relation to a rate payable on a property, means a discount granted in terms of section 15 of the Act on the amount of the rate payable on the property;

“reduction” - in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount;

“residential property” – means improved property that:-

- (a) is included in the valuation roll in terms of section 48(2)(b) of the Act as residential in respect of which the primary use or permitted use is for residential purposes (60% or more), including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes, if still used dominantly for residential purposes; or

~~(b) is a unit registered in terms of the Sectional Title Act and is used predominantly for residential purposes; or~~



- (b) is a unit registered in terms of the Sectional Titles Act , 95 of 1986 , used predominantly for residential purposes, and includes any adjoining or adjacent development property registered in the name of the same owner and used together with such residential property as if it were one property. This use must indicate that the two properties cannot be dealt with as separate viable economic units and can only function as if they are one entity. Any such grouping shall be regarded as one residential property for rate rebate and valuation rebate purposes; or
- (c) is owned by a share-block company and is used predominantly for residential purposes; or
- (d) is an old age home used predominantly for residential purposes; or
- (e) is a block of flats used predominantly for residential purposes; or
- (f) is a hostel used predominantly for residential purposes; or
- (g) is a residence used for residential purposes situated on a property used for or related educational purposes; or
- (h) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act; or
- (i) are retirement schemes and life right schemes used predominantly for residential purposes;

Vacant properties (empty stands), hotels and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category;

Owners or tenants of farms and small holdings with a residential component and with no or limited agricultural activities will be rated at the residential rate and receive the valuation reduction for residential properties;

If 40% or more of the extent of farms or small holdings is being used for commercial, business or industrial purposes (such as truck depots, construction yards or factories), these properties do not qualify for the residential rate, any rebates or valuation reductions;

If less than 40% of the extent of farms or small holdings is being used for commercial, business or industrial purposes and where the municipal valuer considers it reasonable to apply the category for multiple-use properties, the apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing the applicable rate;

“residential lifestyle farm” – means non-urban domestic properties, previously defined for rates purpose as agricultural, predominantly used by the occupier(s), thereof for residential purposes and where the remaining Agricultural land on which the dwelling is situated, is not used for any bona fide farming activities as defined in the definition of bona fide farmer/ farming



activities. Such properties also does not require the existence of a dwelling or any improvements thereon;

“small holding” - means

- (a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or
- (b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less;

“state owned property” – means property owned by the State, which are not included in the definition of public service infrastructure in the Act. These properties are classified as follows:-

- (a) State properties that provide local services;
- (b) State properties that provide regional/municipal district-wide/metro-wide services; or
- (c) State properties that provide a provincial/national service; and

excludes any property included in the valuation roll under the category ‘residential property’ or ‘vacant land’;

“vacant property” – means any land without any improvements thereon. Vacant land can be classified as follows:-

- (a) Residential vacant, means a property included in a valuation roll in terms of section 48(2) of the Act (read with section 8) as vacant.
- (b) Business or commercial vacant means a property included in a valuation roll in terms of section 48(2) of the Act (read with section 8) as business or commercial vacant.
- (c) Industrial vacant, means a property included in a valuation roll in terms of section 48(2) of the Act (read with section 8) as industrial vacant.

2. OBJECTIVES OF THE POLICY

2.1 The objectives of this policy are: –

- (1) to comply with the provisions of section 3 of the Act;
- (2) to determine criteria to be applied for –
 - (a) levying differential rates for different property categories;
 - (b) exemptions;
 - (c) reductions;
 - (d) rebates; and
 - (e) rate increases.
- (3) to determine or provide criteria for the determination of the following -



- (a) property categories for the purpose of levying different rates; and
- (b) categories of owners of properties for the purpose of granting exemptions, rebates and reductions;
- (4) to determine how the Municipality's power should be exercised in terms of multiple-used properties;
- (5) to identify and quantify the following for the Municipality in terms of costs and the benefit for the community –
 - (a) exemptions, rebates and reductions; and
 - (b) exclusions.
- (6) to take into account the effect of rates on the indigent;
- (7) to take into account the effect of rates on organisations that perform activities for public benefit;
- (8) to take into account the effect of rates on the public services infrastructure;
- (9) to determine measures for promoting local economic and social development; and
- (10) to identify all rateable revenue not being rated.

3. POLICY PRINCIPLES

- 3.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's anti-corruption strategy.
- 3.2 The levying of rates on a property is an exclusive right of the Municipality which will be exercised:–
 - (a) optimally and comprehensively within the Municipality; and
 - (b) with consideration of the total revenue source of the Municipality.
- 3.3 The rating of properties will be done independently, justly, equitably and without prejudice and this principle will also be applied with the determination of criteria for exemptions, reductions and rebates as provided for in section 15 of the Act.
- 3.4 The levying of property rates must be implemented in such a way that: -
 - (a) it is aimed at development;
 - (b) it promotes sustainable local government by providing a stable and constant revenue source within the discretionary control of the Municipality; and
 - (c) it promotes economic, social and local development.



- 3.5 Property rates will be levied to: –
- (a) correct the imbalances of the past; and
 - (b) minimise the effect of rates on the indigent.
- 3.6 Property rates will be used to finance community and subsidised services.
- 3.7 The market value of a property serves as basis for the calculation of property rates.
- 3.8 The rate tariff will be based on the value of all rateable properties and the amount the Municipality needs to fund community and subsidised services, after taking into account any possible surplus generated from trading and economic services and the amounts required to finance exemptions, rebates and reductions of rate, as approved by council from time to time.
- 3.9 Trade and economic services will be financially ring fenced and tariffs and service charges will as far as possible be calculated in such a way that the revenue generated covers the cost of the services or generate a surplus.
- 3.10 The provision for operating capital and bad debt must be related to community and subsidised services and must not include any provisions in respect of trade and economic services.
- 3.11 Surpluses from trade and economic services may be used to subsidise community and subsidised services.
- 3.12 The revenue basis of the Municipality will be optimally protected by limiting the exemptions, rebates and reductions.

4. CATEGORISATION OF SERVICES

- 4.1 The Chief Financial Officer must, subject to the guidelines provided by the National Treasury and Mayoral Committee of council, make provision for the following categories of municipal services: –
- (a) Trade services
 - (i) Water
 - (ii) Electricity
 - (b) Economic services
 - (i) Waste removal
 - (ii) Sewerage
 - (iii) Camping facilities
 - (c) Community services



- (i) Air pollution
- (ii) Local tourism
- (iii) Municipal planning
- (iv) Municipal public works, in respect of the needs of the Municipality in the execution of its responsibilities and to administer functions specially assigned to the Municipality under the Constitution or any other law
- (v) Storm water management systems in built-up areas
- (vi) Trade regulations
- (vii) Advertising billboards and the display of advertisements in public places
- (viii) Cemeteries
- (ix) Control of public nuisances
- (x) Control over undertakings that sell alcohol to the public
- (xi) Township development
- (xii) Facilities for accommodation, care and burial of animals
- (xiii) Fencing and fences
- (xiv) Licensing of dogs
- (xv) Licensing and control of undertakings that sell food to the public
- (xvi) Local amenities
- (xvii) Local sport facilities
- (xviii) Municipal parks and recreation
- (xix) Municipal roads
- (xx) Noise pollution
- (xxi) Pounds
- (xxii) Public places
- (xxiii) Street trading / Street lighting
- (xxiv) Traffic control and parking
- (xxv) Building control
- (xxvi) Licensing of vehicles and vehicle permits
- (xxvii) Nature reserves
- (xxviii) Child-care facilities
- (xxix) Ferry boats, jetties, piers and harbours
- (xxx) Markets
- (xxxi) Cleaning
- (xxxii) Beaches and entertainment facilities.

5. CATEGORIES OF PROPERTIES

- 5.1 Subject to section 19 of the Act, Hessequa Municipality may, in terms of the criteria set out in its Property Rates Policy, levy different rates for different categories of rateable properties, which may include categories determined according to the: –



- (a) use of the property;
- (b) permitted use of the property; or
- (c) geographical area in which the property is situated.

5.2 Categories of rateable property that may be determined in terms of paragraph 5.1 include the following: –

- (a) Residential Properties
 - (i) residential improved – res imp (includes private towns imp, ss res, ss garage)
 - (ii) residential vacant – res vac (includes private towns vac / rtt)
 - (iii) sectional title common property – ss common property
 - (iv) residential protected – agri protected
 - ~~(b) Accommodation (includes bed and breakfast; guest house)~~
 - (b) Guest Accommodation including bed and breakfast establishments and guest house and guest lodge accommodation
- (c) Business and Commercial Properties
 - (i) business improved - bus imp (includes ss bus)
 - (ii) vacant business & commercial - bus vac
 - (iii) industrial - ind imp
 - (iv) industrial vacant - ind vac
- (d) Farm Properties
 - (i) agricultural purposes - agri farm
 - (ii) residential purposes - agri lifestyle
 - (iii) business and commercial - agri bus (includes business/commercial/industrial)
 - (iv) agri protected – agri protected (non rateable / improvements)
- (e) Municipal Properties
 - (i) municipal improved - mun imp
 - (ii) municipal vacant - mun vac
 - (iii) public open space - pos
 - (iv) municipal informal-housing - mun informal
- (f) Public Service Infrastructure (PSI)
- (g) Public Service Purpose (PSP)
- (h) Private Open Space
- (i) State Owned
- (j) Public Benefit Organization
 - (i) Rateable – Category for Rateable – (All vacant and improved stands not used primarily as a place of public worship or as a official residence)
 - (ii) Non-rateable
 - (iii) Vacant Other
- (k) Multi Purpose – can be any of the above categories
- (l) Such other categories as may be determined by the council from time to time.



6. CATEGORIES OF OWNERS

6.1 For the purpose as described in section 2(3)(b) of the policy the following categories of owners will be recognised in terms of section 15(2) of the Act:–

- (a) Those owners who qualify and who are registered as indigent in terms of the adopted Indigent Policy of the Municipality;
- (b) Owners of properties situated within an area affected by: –
 - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No 57 of 2002); or
 - ii. any serious adverse social or economic conditions.
- (c) Owners of agricultural or smallholdings properties as referred to in clause 9.1.2 of this policy;
- (d) Owners of farm or smallholdings properties that are used for residential purposes;
- (e) Owners of farm or smallholdings properties that are used for industrial, commercial and business purposes;
- (f) Owners of developed properties not yet sold and transferred.

7. DIFFERENTIAL RATING

7.1 Criteria for differential rating on different categories of properties in terms of section 8(1) of the Act will be according to –

- (a) the nature of the property including its sensitivity to rating, e.g. agricultural properties used for agricultural purposes; and
- (b) the promotion of social and economic development within the Municipality.

7.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category; and

7.3 by way of reductions and rebates as provided for in this policy document.

8. EXEMPTIONS

8.1 Categories of properties

8.1.1 The following property categories are exempt from the payment of property rates: –

8.1.1.1 Municipal properties

Municipal properties are exempted from paying property rates.

8.1.1.2 Residential properties

All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. For the 2017/2018 financial year the maximum amount is determined as R50 000. The impermissible rates of R15 000 contemplated



in terms of section 17(1)(h) of the Act are included in the amount as referred to above as annually determined by the Municipality. The remaining R35 000 is aimed primarily at alleviating poverty amongst those persons owning low-value properties and forms an important part of the Municipality's Indigent Policy.

8.1.1.3 Public Service Infrastructure

Is exempted from paying rates as it provides essential services to the community.

8.1.1.4 Public Benefit Organisation Property

In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by council on a category of non-residential property may not exceed a prescribed ratio to the tariff levied on residential properties. In the absence of any such promulgation the Municipality will apply a standard ratio for Public Benefit Organisations of 1:0.25 (which is a 75% rebate on the tariff for residential properties).

8.1.2 Exemptions for the categories of property referred to in paragraphs 8.1.1.1 to 8.1.1.3 will automatically apply and no application is thus required by the owners of such property.

8.1.3 All possible benefiting organisations referred to in clause 8.1.1.4 must apply annually, by 31 August, for exemption for the financial year in respect of which the application is made. If the exemption applied for is approved the exemption will be valid for the full financial year. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.

8.1.4 A rate-exemption certificate as issued by the South African Revenue Service (SARS), as contemplated in terms of Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962), must be submitted together with the application.

8.1.5 The Municipality retains the right to refuse the application for exemption if the details supplied in the application were incomplete, incorrect or false.

8.2 **Impermissible Rates**

In terms of section 17(1) of the Property Rates Act, 2004, the Municipality may, inter alia, not levy rates: –

- a. on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, 2004 (Act No 10 of 2004), which are not developed or used for commercial, business, residential or agricultural purposes.



- b. on mineral rights within the meaning of paragraph (b) of the definition for “property” in section 1 of the Act.
- c. on a property belonging to a land reform beneficiary or his or her heirs, provided that the exclusion lapses ten years from the date on which such beneficiary’s title was registered in the Deeds register.
- d. on a property registered in the name of and primarily used as a place of public worship, including an official residence registered in the name of the church that is occupied by an office-bearer who acts as officiant of the church.

9. REBATES

9.1 Categories of properties

9.1.1 Business, commercial and industrial properties

9.1.1.1 The Municipality may grant new business incentive rebates to rateable undertakings that promote local, social or economic development within the municipal jurisdiction. The following criteria will apply: –

- (a) job creation in the municipal area;
- (b) social upliftment of the local community; and
- (c) creation of infrastructure for the benefit of the community.

9.1.1.2 Rebates will be granted on application subject to: -

- (a) a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the Municipality are going to be met;
- (b) a continuation plan issued by the directors and certified by the auditors stating that the objectives have been met and how they plan to continue meeting the objectives;
- (c) an assessment by the municipal manager or his/her nominee indicating that the company qualifies.

9.1.1.3 Council will consider all LED requests on an individual basis according to merits.

9.1.2 Rebate on agricultural property

- i. When considering the criteria to be applied in respect any exemptions, rebates and reductions on any properties used for agricultural purposes the Municipality must take into account: –
 - a. the extent of rates-funded services rendered by the Municipality in respect of such properties;
 - b. the contribution of agriculture to the local economy;



- c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the Municipality; and
 - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by council on a category of non-residential property may not exceed a prescribed ratio to the tariff levied on residential properties. In the absence of any such promulgation the Municipality will apply a standard ratio for agricultural properties from 1:0.25 (75% rebate on the tariff for residential properties). Before the start of 2009/2010 financial year the Minister had promulgated a ratio of 1:0.25 which remains unchanged for the 2017/2018 financial year.
- iii. An additional rebate (based on the total property value rates levied) of maximum 10% will be granted by the Municipality in respect of the following: –
 - a. 2,5% for the provision of accommodation in a permanent structure to full-time farm workers and their dependents or families;
 - b. 2,5% if these residential properties are provided with potable water;
 - c. 2,5% if the residential properties of the farm workers are electrified;
 - d. 2,5% for the provision of land for burial for own workers or for educational or recreational purposes to own workers and workers from surrounding farms.
- iv. The granting of additional rebates is subject to the following: –
 - a. All applications must be addressed in writing to the Municipality on an annual basis and must be accompanied by an affidavit made by the owner indicating how service delivery and development obligations of the Municipality and contribution to the social and economic welfare of farm workers were met and stating clearly the portion/s of the farm on which the criteria are applicable.
 - b. Any new applications must be addressed in writing to the Municipality by 31 August of the financial year in respect of which the application is made. If the rebate applied for is granted the rebate will apply for the full financial year and such application will again be regarded as a once-off requirement. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.
 - c. Council reserves the right to send officials or its agents on an annual basis to premises/households receiving relief for the purposes of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original applications.
 - d. The Municipality retains the right to refuse applications for rebates if the details supplied in the application form were incomplete, incorrect or false.



- v. No other rebates will be granted to properties that qualify for the agricultural rebate. In order to avoid doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in paragraph 8.1.1.2 of this policy.

9.1.3 Farm properties and smallholdings categorised for residential purposes - The Municipality annually grants an additional rebate to owners of farm properties and smallholdings that are used for residential purposes. Such a rebate is in relation to the extent of rate-funded services that the Municipality renders in respect of such properties. For the 2017/2018 financial year the rebate is determined as 10%.

9.1.4 Farm properties and smallholdings categorised for industrial, commercial and business purposes - The Municipality annually grants an additional rebate to owners of farm properties and smallholdings that are used for industrial, commercial and business purposes. Such a rebate is in relation to the extent of rate-funded services that the Municipality renders in respect of such properties. For the 2017/2018 financial year the rebate is determined as 10%.

9.1.5 Rebate approved by Council as special arrangement - The Municipality from time to time grants a rebate to properties and/or owners of properties that are deemed to contribute benefits to the community. Annual applications to this effect must be addressed in writing to the municipality. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year approved. These rebates are not applicable to any vacant land irrespective of its zoning or intended usage unless stated otherwise in this Policy.

9.2 Categories of Owners

9.2.1 Indigent owners - The owners that qualify and are registered indigents in terms of the Municipality's policy for indigents receive a rebate on the payment of rates as specified in the Municipality's policy for indigents. In terms of the current policy, category A registered indigents shall be fully subsidised and category B registered indigents shall be subsidised for 50% of the basic levy for the payment of property rates. If they qualify in terms of the Municipality's policy for indigents these rebates will automatically be applied and no further application is necessary.

9.2.2 Rebates for retired and disabled persons

9.2.2.1 Retired and disabled persons qualify for special rebates in accordance with their monthly household income. Property owners who meet all the following requirements may apply for a rebate:—

- (a) The property must be registered in the name of the applicant or the usufruct of the property must be established in the name of the applicant.



- (b) The owner must be at least sixty (60) years of age or in receipt of a disability pension from the Department of Welfare and Population Development.
- (c) The property owner may not be the owner of more than one property.
- (d) The owner must occupy the relevant property. Where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- (e) In the case of a duet/semi-detached house, of which a section is rented out, only the rates paid on that section occupied by the owner is subject to rebates.
- (f) If the owner is a disabled person who receives a disability grant from the government or a person who, due to medical reasons, had to take early retirement, the age requirement as in section 9.2.2.1(b) will not apply.

9.2.2.2 The Municipality grants a rebate, to be determined on an annual basis, for retired and disabled persons that do not qualify in terms of Council's approved Indigent Policy. For the 2017/2018 financial year rebates will be applied as follows: -

- (a) Gross income (prior to any deductions) R0 – R3 100 per month – 25%; and
- (b) Gross income (prior to any deductions) R3 101 to R8 000 per month – 15%.

9.2.2.3 Additional rebates for owners who qualify in terms of clause 9.2.2.2 (additional to 9.2.2.2 on balance of rates) can be granted to owners or usufructuaries if they can be categorised in one of the following age categories: -

- (a) 60 to 75 years – 25%;
- (b) 76 to 85 years – 35%; and
- (c) 86 years and older – 40%.

9.2.2.4 Property owners must apply for a rebate on a prescribed form as stipulated by the Municipality, and these applications must reach the Municipality by 31 August of the financial year in respect of which rates are levied. If the rebate applied for is granted, the rebate will apply for the full financial year. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.

9.2.2.5 The Municipality retains the right to refuse the granting of rebates if the details supplied in the application were incomplete, incorrect or false.

9.2.2.6 Applications as intended in paragraph 9.2.2.4 must be accompanied by the following information: –

- (a) a certified copy of the identity document of the owner or any other proof of the owner's age which is acceptable to the Municipality;
- (b) sufficient proof of income (prior to any deductions) of the owner and the his/her spouse;
- (c) an affidavit from the owner;
- (d) if the owner is a disabled person, satisfactory proof submitted to the Municipality that the relevant person receives a disability pension payable by the state;



- (e) proof of early retirement if the owner has retired at an earlier stage due to medical reasons; and
- (f) a minimum of 3 months' bank statements from all financial institutions or, if the person does not have a bank account, such proof as the municipality may require to substantiate the person's gross monthly household income.

10. REDUCTIONS

- 10.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:-
 - 10.1.1 Partial or total destruction of a property; or
 - 10.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 10.2 The following conditions shall be applicable in respect of clause 10.1:-
 - 10.2.1 The owner of the property referred to in clause 10.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the Municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
 - 10.2.2 Owners of property referred to in clause 10.1.2 will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
 - 10.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 10.1.1 and 10.1.2. For the 2017/2018 financial year the maximum reduction is determined as 80%.
 - 10.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the Municipality gives further extension on application.
 - 10.2.5 If rates were paid in advance prior to granting of a reduction the Municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

11. COST OF EXEMPTIONS, REBATES AND REDUCTIONS

- 11.1 The Chief Financial Officer must inform council during the budgeting process of all the costs associated with the proposed exemptions, rebates, reductions, phasing-in of rates and grants in the place of rates.
- 11.2 Provision must be made on the operating budget for –
 - (a) the full potential revenue associated with property rates; and
 - (b) the full cost associated with exemptions, rebates and reductions.



12. MULTIPLE USE OF PROPERTIES

12.1 Properties used for multiple purposes which for example do not fall within the definition of Residential Properties and, accordingly, do not qualify for the residential rate, may be included into the category of multiple-use properties, as per section 9 (1) of the Property Rates Act, for which an apportionment of the market value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers it reasonable to apply this category as per section 9 (1) of the Property Rates Act.

12.2 If the market value of the property cannot be apportioned to its various use purposes, then such a property must be categorized as either:-

12.2.1 the entire property can be categorized in terms of the permitted use of the property; or

12.2.2 the entire property can be categorized in terms of the dominant (main or primary) use.

~~*12.2.3 multiple purposes in terms of section 9 (1)(c); and~~

~~*12.2.4 applying the relevant cent amount in the rand to the corresponding apportioned market value in accordance with the category determined.~~

~~*12.3 If the dominant use of the property differs from the permitted use of the property the determination will only be applicable for the levying of property rates and does not mean automatic approval of the use of the property other than the use approved in the town planning scheme.~~

*Department Cooperative Governance: These items are already covered under section 12.1 of the rates policy.

13. PROPERTY REGISTER

13.1 A property register, divided into Sections A and B, regarding all properties in the municipal area of jurisdiction, must be compiled and maintained by the Municipality.

13.2 Section A of the register will consist of the current valuation roll of the Municipality and will include all supplementary valuations, as done from time to time.

13.3 Section B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to: –

13.3.1 exemption from rates in terms of section 15 of the Act;

13.3.2 a reduction or rebate in terms of section 15;

13.3.3 the phasing in of tariffs in terms of section 21; and

13.3.4 exclusions as referred to in section 17.

13.4 The register will be open for inspection by the public during office hours at the head office of the Municipality or on the internet website of the Municipality.



13.5 Section A of the register will be updated at least annually by the Municipality during the supplementary valuation process.

13.6 Section B of the register will be updated annually as part of the implementation of the Municipality's annual budget.

14. NOTIFICATION OF RATES

14.1 Council will give notice at least 30 days before the rate approved during the annual budget meeting will come into effect. Accounts furnished after the 30 days' notice will be based on the new rates.

14.2 A notice containing the extent of council's resolution and the date on which the new rate will come into effect will be displayed by the Municipality at places installed for this purpose.

15. CONSULTATION PROCESS

15.1 Before council commands a new valuation in terms of the Act, a consultation process involving all interest groups will be undertaken during which the purpose and method of valuation will be explained.

15.2 Before the Municipality accepts the Property Rates Policy the Municipal Manager will follow a process of public participation, as prescribed in chapter 4 of the Municipal Systems Act, and comply with the following requirements: –

15.2.1 Display the draft Property Rates Policy continuously for a period of thirty (30) days at the Municipality's head office, satellite offices and on the website.

15.2.2 Publish a notice in the media stating that the draft Property Rates Policy was compiled for submission to council and that such a policy is available at the different municipal offices and on the website for public inspection.

15.2.3 Property owners and interested persons may obtain a copy of the draft policy from the municipal office during office hours at a prescribed cost per copy.

15.2.4 Property owners and interested parties are invited to address written suggestions or representations to the Municipality within the period prescribed in the notice.

15.2.5 Council will consider all suggestions and/or representations received during the finalisation of the Property Rates Policy.

16. FURNISHING OF ACCOUNTS

16.1 The Municipality will furnish each person liable for the payment of a rate with a written account, specifying: -

16.1.1 the amount due for rates payable;

16.1.2 the date on or before which the amount is payable;



- 16.1.3 how the amount was calculated;
 - 16.1.4 the market value of the property; and
 - 16.1.5 exemptions, reductions and rebates or the phasing-in of rates, if applicable.
- 16.2 A person liable for the payment of rates remains liable for payment, whether or not that person has received a written account from the Municipality. Inquiries must be addressed to the Municipality by such a person who has not received a written account.
- 16.3 In the case of joint ownership the Municipality will, upon request, furnish written accounts to one or more individual owners.
- 16.4 In the case of joint ownership the Municipality may, in order to limit costs and prevent unnecessary administration, recover the rates continuously from one of the joint owners.
- 17. PAYMENT OF RATES**
- 17.1 Council may claim the payment of rates: -
- 17.1.1 on a monthly basis; or
 - 17.1.2 annually before 30 September of each year.
- 17.2 Rate payers may choose to pay rates in one instalment annually on or before 30 September of each year. The property owner subject to rates must notify the municipal manager or his/her nominee by no later than 30 June in any financial year, or such later date in the financial year as determined by the Municipality, that he/she wishes to pay all rates in respect of such a property in annual instalments, after which such an owner shall be entitled to pay all rates in the subsequent financial year and all subsequent financial years annually until he/she withdraws this notice in similar manner.
- 17.3 If a rate is payable: -
- 17.3.1 in a single amount annually, it must be paid on or before a date determined by the Municipality.
 - 17.3.2 in instalments, it must be paid on or before a date in each period determined by the Municipality.
- 17.4 Rates payable on an annual basis will be subject to a 3% rebate if paid in full before or on 30 September of each year.
- 17.5 Interest on rates in arrear, whether paid annually or in equal monthly instalments, shall be calculated in accordance with the provisions of the Municipality's policy on credit control and debt collection.



- 17.6 If a property owner who in terms of this policy is liable for the payment of property rates fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Municipality's by-law on credit control and debt collection.
- 17.7 Rates in arrear shall be recovered from tenants, occupiers and agents for the owner in terms of section 28 and 29 of the Act and the Municipality's policy on credit control and debt collection.
- 17.8 In the event of rates levied emanating from a supplementary valuation, payment thereof will be according to the date determined by the Municipality and payment thereof may not be withheld pending an objection or appeal as determined by section 78(2) of the Act.
- 17.9 In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the owner on date of the levy will be held responsible for the settlement of the interim rates account.
- 17.10 Where the rates on a specific property have been incorrectly determined, whether because of an error or omission on the part of the Municipality or false information provided by the property owner concerned, or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be adjusted retrospectively for the period of the date on which the error or omission is detected, back to the date on which rates were first levied in terms of the current valuation roll.
- 17.11 Where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.
- 17.12 Rates Clearance Certificates:-
- 17.12.1 will be valid for up to 60 days;
- 17.12.2 will not be extended. If it expires a new application for clearance must be made;
- 17.12.3 if the period of validity surpasses 30 June, the total annual debit for the following financial year will be payable; and
- 17.12.4 outstanding services and taxes on properties may only be recovered for a maximum period of two years.
- 17.12.5 will only be issued if three months' service accounts, calculated by ascertaining the average of the previous three months' service accounts, are paid in advance.
- 17.13 In the case of property which has been subdivided, the individual erven will remain as part of the parent erf until such time that the properties are individually transported to new owners. A supplementary valuation will take place from time to time on the remainder of the parent erf and those erven newly registered to owners. Availability fees will be charged on the parent erf as well as those individually registered to new owners.



18. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION

- 18.1 In circumstances where a valuation has been carried out by the municipal valuer in pursuance of a Supplementary Valuation (SV) in terms of section 78(1)(d) or 78(1)(f) of the MPRA as a result, for example, of a demolition having taken place on a property or a fire having destroyed buildings on a property, but the Municipality has not yet included such valuation of the relevant property in a SV, such valuation shall be submitted to the CFO for approval to levy rates on the property in accordance with such valuation, with effect from the date of the occurrence of the event which caused a SV to be required.
- 18.2 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property(ies) in a SV, then:-
- 18.2.1 the municipal valuer shall conduct a valuation of the relevant property(ies) for purposes of a SV; and
- 18.2.2 the valuation shall be submitted to the CFO for approval of the levying of rates on such property(ies) in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office.
- 18.3 Any valuations performed in terms of paragraph 15 shall be included in the next SV prepared by the Municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such SV is made public in terms of section 49 of the MPRA.

19. FREQUENCY OF VALUATIONS

- 19.1 The Municipality shall prepare a new valuation roll at least every four (4) years.
- 19.2 In accordance with the Act the Municipality, under exceptional circumstances, may request the MEC for Local Government and Housing, to extend the validity of the valuation roll to five (5) years.
- 19.3 Supplementary valuations shall be done on a continual basis, but at least on an annual basis, in order to ensure that the valuation roll is maintained.

20. IMPLEMENTATION AND REVIEW OF THIS POLICY

- 20.1 This Policy shall be implemented once approved by Council and comes into effect on 1 July 2017.



- 20.2 The Property Rates Policy must be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.